



MINUTES

California Film Commission
Board Meeting
July 10, 2020
1:30 p.m. – 2:30 p.m.
Teleconference
Los Angeles, California

COMMISSIONERS IN ATTENDANCE

Senator Ben Allen
Fred Baron
Colin Blackshear
Thom Davis
Steve Dayan
Santa Cruz County Supervisor Zach Friend.
Robert Gleason
Bonnie Goldfarb
Jennifer Gonring
Wendy Greuel
LA County Supervisor Janice Hahn
Jerry Ketchum
Janet Knutsen
Joshua LaFarga
Deborah Langford
Jamie Lee
Ricky Nierva
Brian Pendleton

EX-OFFICIOS/DESIGNEES IN ATTENDANCE

Colleen Bell, Executive Director, California Film Commission
Eve Honthamer, Deputy Director, California Film Commission

CFC STAFF

Joseph Cruz
Leah Medrano
Nancy Rae Stone

GUESTS

Alex Aguilar, Local 724
Matt Antonucci, CSATF: Contract Services
Barbie Appelquist, Entertainment Attorney
Janice Arrington, Orange County Film Office
Paul Audley FilmLA
Eva Bitar, City of L.A.
Doug Boney, Local 884
Bob Denne, Local 729
Joanne Desmond, Local 16
Eric Deutsch, ExcelPR Group
Celeste Drake, DGA
Ed Duffy, Local 399
Karen French, Office of Senator Pro Tem Toni Atkins
Kathy Garmezy, DGA
David Gonzalez, AICP
Cassandra Hesseltine, Humboldt – Del Norte Film Office
Kevin James, Office of Mayor Garcetti.

Matt Johnson, Office of Supervisor Janice Hahn
Jessica Kwan, Paramount
Larry Laboe, New Filmmakers L.A
Graham Lee, CBS Studios
Richard Levy, Capitol Law & Policy
Beverly Lewis, Placer Film Commission
Scott Lipke, Beverly Hills Film Office
Eric Miethke, Capitol Law and Policy, Inc.
Ilyanne Morden Kitchaven, SAG-AFTRA
Katie Murphy, Local 871
Mayra Ocampo, DGA
Melissa Patack, MPAA
Lauren Pizer Mains, Office of Senator Ben Allen
Richard Prince, Brooklyn Nine-Nine
Eddie Robinson, West Hollywood Film Office
Karla Sayles, Warner Bros.
Brandy Shimabukuro, San Diego City Film Office
Philip Sokoloski, FilmL.A.
Susan Sprung, PGA
Karen Stuart, Assoc. of Talent Agents
Arlen Valdivia, MPAA
Michael Walbrecht, Warner Bros.
Donna Washington, FilmL.A.
Jennifer West, Sacramento Film Commission
Barry Ziehl, Warner Bros
Ken Ziffren, Office of Mayor Garcetti

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS - Thom Davis, Chair

Meeting called to order at 1:35 p.m., Chairman Davis welcomed board members and guests; Roll Call

II. CHAIR REPORT – Thom Davis, Board member

Chairman Davis talked about creating a subcommittee to address ongoing issues within the production industry and issues related to the California Film Commission primarily the Tax Credit Program and the statutory changes needed to make the program more sustainable. The committee would come up with recommendations and then present those recommendations to the board. Chairman Davis asked if any board members are interested in serving on the subcommittee to contact him or CFC Executive Director Colleen Bell.

III. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from May 08, 2020 was made and approved.

IV. NOMINATION OF VICE CHAIR POSITION – Janet Knutsen

Janet Knutsen on behalf of the nominating committee (Bonnie Goldfarb, Josh LaFarga and herself) placed the nomination of board member Wendy Greuel for the open Board position of Vice Chairperson. Motion to approved was made by board member Supervisor Janice Hahn and seconded by board member Jennifer Gonring and approved by board.

V. DIRECTOR'S REPORT – Colleen Bell, Executive Director

Executive Director Colleen Bell thanked board member Wendy Greuel for accepting the Vice Chair position and is looking forward to working with her. Executive Director Bell welcomed the board and new board member Robert Gleason and spoke about his experience and what he brings to the board.

Executive Director Bell gave an overview of current state of production. Productions were allowed to resume in the state of California and on June 12th and Los Angeles county followed shortly thereafter. Some productions are up and running in limited capacities. Productions are working to implement their protocols procedures guidelines while factoring in the increased cost of these new measures within their overall budgets.

There are many challenges to be faced and this is not going to be easy. There is a strong collective and collaborative effort and spirit in trying to meet these extraordinary set of circumstances. Some productions are being pushed back for a variety of different reasons and while some have chosen to get started.

Some of the first productions to start up were the daytime soap operas. Executive Director Bell's husband Bradley Bell who produces a daytime soap opera has related some of the issues and challenges of starting their production again. These issues include, but are not limited to, access to testing and accuracy of testing. Also, training the in the Covid compliance officers and bringing in outside healthcare and equipment has taken some time. It has been slow going, but production is taking place.

The CFC is receiving more requests for permits. We've received some state parks requests and also for state highways. The permit requests are coming in quite slowly, which shows it's taking a while for production to safely get moving, but there is progress. The production industry continues to put a strong and firm focus on public health and safety and Executive Director Bell continues to receive many inquiries and she regularly has updated discussions with the production industry, government officials at both the State and County levels.

Executive Director Bell is proud of the CFC staff and their efforts in keeping the CFC programs and services operating. This month we were able to launch the new program 3.0 and our application portal despite the circumstances of Covid-19 and staff teleworking. We have updated our vast location library.

On June 16 we received a petition on behalf of the MPAA and the California City Council to amend the regulations for 3.0. The petitioner cites various statutory references, whose intent by the bill authors was to guarantee that recurring TV series will receive a tax credit, as long as tax credits are being allocated. The petitioners are requesting an emergency regulation that 100% of the tax credits which remain in Program 1.0 and Program 2.0 be rolled over and added to the funding for the first fiscal year of program 3.0 as opposed to the current 20% of unused funds.

VI. TAX CREDIT PROGRAM REPORT – Nancy Rae Stone, Tax Credit Program Director

Program 3.0 is funded \$330 million per fiscal year and the regulations that were just approved for July 1st include a provision whereby 20% of the Program 1.0 and 2.0 money rolls over into the program each fiscal year, there which would result in \$373.8 million available to allocate. This is insufficient to fund all the series in the program and would mean that approximately 16 series would not be funded. The petition requests the CFC to add to the base \$330 million with 100% of the Program 1.0 and 2.0 tax credits. This would total \$549 million in tax credits to allocate the first fiscal year of Program 3.0 which would fund all the recurring TV series.

The petition cited a number of statutory clauses which they believe support their position that recurring TV was intended by the bill authors to give them a priority for the life of the series. However, it did not cap the amount of tax credits that could be requested.

The program currently has 25 active recurring TV projects. The credit allocations range from a low of \$1.5 million per season, all the way up to \$20.4 million per season. Streaming services average about 29% per year increase from the previous fiscal years' allocation, cable TV series 28% and network TV series 16%.

The California Film Commission is concerned that with the 100% roll over and recurring TV series getting a priority without a budget cap that it would be very difficult to estimate how many credits will be needed for recurring series and other types of projects. The petitioners came back with a suggestion of a 5% per episode increase. This represents a 5% increase over the previous season's credit allocation letter. This amendment would allow the Program 3.0 to handle the increased TV series expenditures and also enough for the other production categories.

Ms. Stone presented 4 scenarios to the board:

- The first scenario would deny the petition and keep the current regulations in place, which means that the request for tax credits could on the average increase 20% or more and some series would not be funded.
- The second scenario would approve the petition as originally written, which would result in funding all recurring TV series but the request for tax credits could on the average increase 20% or more, it would be difficult to estimate the funding available for other categories, and other categories may have lower amounts of funding.
- The third scenario would amend the petition but cap it at last season's allocation.
- The fourth scenario would amend the petition but cap it at a 5% increase per episode from last season's allocation.

VII. BOARD VOTE TO AMEND TAX CREDIT PROGRAM 3.0 REGULATIONS

A motion to amend the petition to amend the regulations to include 100% roll over with the 5% per episode budget cap increase was made by Wendy Greuel and seconded by Steve Dayan with full board vote approval.

VIII. NEW BUSINESS – Thom Davis, Chair

Boardmember Supervisor Janice Hahn mentioned L.A. County put together a resiliency Task Force to look at 13 sectors in our economy and how we might make it through these tough times and come out resilient on the other end. There's a full report that each of these groups have done and submitted to the Board of Supervisors and is available for review. The L.A. Board of Supervisors are going to take a look at things they could do in the county that might give a boost to the industry like scouting and location permit fees and any other streamlining of permitting.

CFC Deputy Director Eve Honthamer said after seven and a half years with the film commission she has decided she will be leaving at the end of September. She has absolutely enjoyed this job and the people she has been working with. She will miss a lot of people but is ready for her next adventure. Executive Director Bell and the board expressed their thanks to Deputy Director Honthamer for all her efforts in support of the commission and board.

IX. PUBLIC COMMENT

None

X. ADJOURNMENT – Thom Davis, Chair

Meeting adjourned at 2:25 p.m.